
TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

4/6/11

TOWN OF JACKSON, LOUISIANA

FINANCIAL REPORT

SEPTEMBER 30, 2010

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Jackson, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Jackson (the Town), as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information on pages 5 through 11 and pages 35 through 39, respectively, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America and the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2011 on our consideration of the Town of Jackson's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information and statistical data on pages 40 through 45 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information presented on pages 40 through 42 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The statistical data presented on pages 43 through 45 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Posttestante: H. H. H.

Donaldsonville, Louisiana
March 15, 2011



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Honorable Mayor and Members
of the Board of Aldermen
Town of Jackson, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Jackson, Louisiana, (Town) as of and for the year ended September 30, 2010, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in item 2010-1 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over financial reporting described in the accompanying schedule of findings as item 2010-1 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Jackson's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Town of Jackson's response to findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit Town of Jackson's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the administration, the Board of Aldermen, any federal and state awarding agencies, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Donaldsonville, Louisiana

Donaldsonville, Louisiana
March 15, 2011

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2010

This section of the Town of Jackson, Louisiana's (the Town) annual financial report presents our discussion and analysis of the Town's financial performance during the fiscal year that ended on September 30, 2010. Please read it in conjunction with the Town's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The Town's combined total net assets increased by \$259,269 or 6.7% over the course of this year's operations. Net assets of our governmental activities decreased \$96,323 (or 5.6%) while those of our business-type activities increased \$355,592 (or 15.9%).

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts—management's discussion and analysis (this section), the basic financial statements, required supplementary information, and an optional section that presents supplemental statements and schedules. The basic financial statements include two kinds of statements that present different views of the Town:

- The first two statements are government-wide financial statements that provide long-term and short-term information about the Town's overall financial status and economic condition.
- The remaining statements are fund financial statements that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
 - The governmental funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer *short* and *long-term* financial information about the activities the government operates *like businesses*, such as the water, sewer and gas delivery systems.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements. Figure A-1 shows how the required parts of this annual report are arranged and relate to one another.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2010

Figure A-1 Major Features of Town's Government and Fund Financial Statements				
	Government-wide Statements		Fund Statements	
			Governmental Funds	Proprietary Funds
Scope	Entire Town government (except fiduciary funds)		The activities of the Town that are not proprietary or fiduciary, such as police, fire, and streets	Activities the Town operates similar to private businesses: the water, sewer and gas systems
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 		<ul style="list-style-type: none"> • Balance Sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expense, and changes in net assets • Statement of cash flows
Accounting basis and measurements focus	Accrual accounting and economic resources focus		Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term		Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid		Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

TOWN OF JACKSON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2010

Government-wide Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net assets and how they have changed. Net assets—the difference between the Town's assets and liabilities—is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, one needs to consider additional nonfinancial factors such as changes in the Town's property tax base and the condition of the Town's roads and utilities infrastructure.

The government-wide financial statements of the Town are divided into two categories:

- Governmental activities—most of the Town's basic services are included here, such as the police, fire, public works, parks department, and general administration. Property taxes, sales taxes, franchise fees and interest finance most of these activities.
- Business-type activities—The Town charges fees to customers to help it cover the costs of certain services it provides. The Town's water, gas and sewer systems are included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the Town's most significant funds—not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by State law, while others may be required by bond covenants.
- Governmental funds - Most of the Town's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page that explains the relationship (or differences) between them.
- Proprietary funds - Services for which the Town charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-and short-term financial information. In fact, the Town's enterprise funds (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

TOWN OF JACKSON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2010

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

	Table A-1 Town's Net Assets	
	Governmental Activities	Governmental Activities
	2010	2009
Current and other assets	\$ 281,625	\$ 281,261
Capital assets	889,250	943,575
Total assets	1,170,875	1,224,836
Current liabilities	(443,184)	(487,485)
Total liabilities	(443,184)	(487,485)
Net assets		
Invested in capital assets,		
net of related debt	889,250	943,575
Restricted funds	695,868	731,718
Unrestricted (deficit)	28,941	35,089
Total net assets	\$ 1,614,059	\$ 1,710,382

	Table A-1 Town's Net Assets	
	Business-Type Activities	Business-Type Activities
	2010	2009
Current and other assets	\$ 895,741	\$ 869,199
Capital assets	2,547,070	2,252,389
Total assets	3,442,811	3,121,588
Current liabilities	593,102	613,344
Long term Liabilities	253,695	267,822
Total liabilities	846,797	881,166
Net assets		
Invested in capital assets,		
net of related debt	2,287,983	1,979,175
Restricted funds	579,019	569,121
Unrestricted (deficit)	(270,988)	(307,874)
Total net assets	\$ 2,596,014	\$ 2,240,422

Net assets of the Town's governmental activities decreased 5.7 percent to approximately \$1.6 million.

TOWN OF JACKSON, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2010

Changes in net assets. The Town's total change in net assets was \$259,269; (\$96,323) from governmental activities and \$355,592 from business-type activities. The changes in net assets result from those activities' revenues exceeding (or falling short) of expenses. Table A-2 shows the composition of revenues and summarizes the expenses by function or service area.

	Table A-2	
	Changes in Town's Net Assets	
	Governmental Activities	Governmental Activities
	2010	2009
Revenues		
Program revenues		
Charges for services	\$ 45,656	\$ 67,899
Operating grants	38,000	226,335
General revenues		
Taxes	349,766	409,636
Licenses and permits	81,327	79,889
Miscellaneous	166,341	216,560
Total revenues	681,090	1,000,319
Expenses		
General government	519,618	469,147
Public safety	426,149	403,243
Recreation	6,646	6,481
Total expenses	952,413	878,871
Transfers	175,000	75,000
Increase (decrease) in net assets	(\$ 96,323)	\$ 196,448

	Table A-2	
	Changes in Town's Net Assets	
	Business-Type Activities	Business-Type Activities
	2010	2009
Revenues		
Program revenues		
Charges for services	\$ 856,342	\$ 701,842
Operating grants	461,768	-
General revenues		
Miscellaneous	8,222	74,914
Total revenues	1,326,332	776,756
Expenses		
Services – Utilities	795,740	839,843
Total expenses	795,740	839,843
Transfers	(175,000)	(75,000)
Increase (decrease) in net assets	\$ 355,592	(\$ 138,087)

TOWN OF JACKSON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2010

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

As the Town completed the year, its governmental funds reported a combined fund balance of \$736,941, consisting of \$41,073 in the general fund and \$695,868 in the special revenue fund. The \$41,073 in the general fund is unrestricted and available for spending. Of the \$695,868 in the special revenue fund, \$134,030 is unrestricted and available for spending; while \$561,838 is reserved awaiting repayment from the Town's other funds.

General Fund Budgetary Highlights

Over the course of the year, the Board of Alderman revised the Town budget. These budget amendments resulted from:

- Increased operating expenses and grant funding outlays.

Under the revised budget, the general fund operated at a net surplus of \$38,619, which was \$1,332 less than the originally budgeted surplus of \$39,951.

CAPITAL ASSETS

At the end of September 30, 2010, the Town had invested approximately \$3.4 million in a broad range of capital assets, including police and fire equipment, buildings, vehicles, streets, and water and sewer systems. See Table A-3. This amount represents a net increase (including additions and deductions) of \$240,356, or 7.5 percent over last year.

	Table A-3 Town's Capital Assets (net of depreciation)			
	Governmental Activities		Business Activities	
	2010	2009	2010	2009
Land	\$ 26,000	\$ 26,000	\$ 18,300	\$ 18,300
Buildings	164,738	177,701	15,619	17,668
Other Improvements	199,548	237,865	2,494,581	2,200,127
Equipment	498,964	502,009	18,570	16,294
Total	\$ 889,250	\$ 943,575	\$ 2,547,070	\$ 2,252,389

This year's major capital asset additions included:

- Improvements to Sewer treatment plant of approximately \$461,000.

TOWN OF JACKSON, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2010

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town's major sources of revenue for the general fund have historically consisted of property taxes, utility franchise fees, licenses and permits, and fines. However, a general use sales tax was passed by the voters of East Feliciana Parish which is now allocated to municipalities within the Parish. Sewer rates will increase January 1, 2011, and therefore service fee revenue should also increase. Gas revenue fluctuates according to the Town's cost. Expenses of the utility fund are not expected to increase substantially, except for the costs of gas, which may continue an increasing trend from the past several years.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town's mayor, Charles Coleman, 1610 Charter Street, Jackson, LA 70748, (225) 634-7777.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash	\$ 181,225	\$ 797,356	\$ 978,581
Property tax receivable	3,091	-	3,091
Accounts and other receivable (net)	32,700	96,144	128,844
Due from other governmental agencies	64,404	-	64,404
Accrued interest receivable	205	2,241	2,446
Capital assets:			
Land	26,000	18,300	44,300
Other capital assets, net of depreciation	863,250	2,528,770	3,392,020
TOTAL ASSETS	1,170,875	3,442,811	4,613,686
<u>LIABILITIES</u>			
Accounts payable	31,272	-	31,272
Accrued liabilities	19,839	22,512	42,351
Internal balances	(494,295)	494,295	-
Accrued interest payable	-	5,392	5,392
Customer service meter deposits	-	70,903	70,903
Long-term liabilities:			
Due within one year	-	14,643	14,643
Due in more than one year	-	239,052	239,052
TOTAL LIABILITIES	(443,184)	846,797	403,613
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	889,250	2,287,983	3,177,233
Restricted for:			
Streets and sidewalks	695,868	-	695,868
Bond debt service	-	542,505	542,505
Customer deposits	-	36,514	36,514
Unrestricted	28,941	(270,988)	(242,047)
TOTAL NET ASSETS	\$ 1,614,059	\$ 2,596,014	\$ 4,210,073

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		Total
		Fees, Fines, and Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental:						
General government	\$ 519,618	\$ -	\$ -	\$ (519,618)	\$ -	\$ (519,618)
Public safety	426,149	45,656	38,000	(342,493)	-	(342,493)
Recreation	6,646	-	-	(6,646)	-	(6,646)
Total governmental activities	952,413	45,656	38,000	(868,757)	-	(868,757)
Business-type:						
Utilities - Gas	304,319	330,612	-	-	26,293	26,293
Utilities - Water	357,623	277,507	-	-	(80,116)	(80,116)
Utilities - Sewer	133,798	248,223	461,768	-	576,193	576,193
Total business-type activities	795,740	856,342	461,768	-	522,370	522,370
Total Town of Jackson	\$ 1,748,153	\$ 901,998	\$ 499,768	\$ (868,757)	\$ 522,370	\$ (346,387)
General Revenues:						
Taxes				349,766	-	349,766
Licenses and permits				81,327	-	81,327
Intergovernmental				3,376	-	3,376
Federal Grant revenue				11,689	-	11,689
Interest				956	8,222	9,178
Transfers (to)/from other funds				175,000	(175,000)	-
Other				150,320	-	150,320
Total general revenues				772,434	(166,778)	605,656
Change in net assets				(96,323)	355,592	259,269
Net Assets - September 30, 2009				1,710,382	2,240,422	3,950,804
Net Assets - September 30, 2010				\$ 1,614,059	\$ 2,596,014	\$ 4,210,073

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2010

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash	\$ 77,526	\$ 56,828	\$ 134,354
Certificates of deposit	5,601	41,270	46,871
Property taxes receivable	3,091	-	3,091
Other accounts receivable	32,700	-	32,700
Due from other governmental agencies	24,930	39,474	64,404
Due from other funds	406,631	561,838	968,469
Accrued interest receivable	12	193	205
TOTAL ASSETS	<u>\$ 550,491</u>	<u>\$ 699,603</u>	<u>\$ 1,250,094</u>
LIABILITIES			
Accounts payable	\$ 29,410	\$ 1,862	\$ 31,272
Accrued liabilities	5,834	1,873	7,707
Due to other funds	474,174	-	474,174
	<u>509,418</u>	<u>3,735</u>	<u>513,153</u>
FUND BALANCES			
Restricted for streets and sidewalks	-	695,868	695,868
Unrestricted	41,073	-	41,073
	<u>41,073</u>	<u>695,868</u>	<u>736,941</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 550,491</u>	<u>\$ 699,603</u>	<u>\$ 1,250,094</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2010

Total fund balances - Governmental Funds		\$ 736,941
Cost of capital assets at September 30, 2010	2,473,109	
Less: accumulated depreciation as of September 30, 2010	<u>(1,583,859)</u>	889,250
Add: Compensated absences earned		<u>(12,132)</u>
Total net assets at September 30, 2010 - Governmental Activities		<u>\$ 1,614,059</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
<u>REVENUES</u>			
Taxes	\$ 185,821	\$ 163,945	\$ 349,766
Licenses and permits	81,327	-	81,327
Intergovernmental revenues	3,376	-	3,376
Fines and forfeitures	45,656	-	45,656
Interest	93	863	956
Federal grants	11,689	-	11,689
Grants - other	38,000	-	38,000
Other revenue	142,114	8,206	150,320
Total revenues	<u>508,076</u>	<u>173,014</u>	<u>681,090</u>
<u>EXPENDITURES</u>			
General government	204,442	208,864	413,306
Public safety	473,162	-	473,162
Recreation	6,646	-	6,646
Total expenditures	<u>684,250</u>	<u>208,864</u>	<u>893,114</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	(176,174)	(35,850)	(212,024)
<u>OTHER FINANCING SOURCES</u>			
Transfers out	-	-	-
Transfers in	175,000	-	175,000
Total other financing sources	<u>175,000</u>	<u>-</u>	<u>175,000</u>
<u>NET CHANGE IN FUND BALANCES</u>	(1,174)	(35,850)	(37,024)
<u>FUND BALANCES</u>			
Beginning of year	42,247	731,718	773,965
End of year	<u>\$ 41,073</u>	<u>\$ 695,868</u>	<u>\$ 736,941</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2010

Net change in fund balances - governmental funds	\$ (37,024)
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The change in net assets reported for governmental activities in the statement of activities is different because:

Add: Capital outlay which is considered expenditures	107,400
Less: Depreciation expense	(161,725)

Add: Compensated absences earned	<u>(4,974)</u>
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Change in net assets of governmental activities	<u>\$ (96,323)</u>
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The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
BALANCE SHEET
PROPRIETARY FUND
SEPTEMBER 30, 2010

ASSETS

CURRENT ASSETS

Cash	\$ 147,434
Accounts receivable (net)	96,144
Accrued interest receivable	2,241
Total current assets	<u>245,819</u>

RESTRICTED ASSETS

Cash and certificates of deposit	
Revenue bond debt service	542,505
Customers' service meter deposits	107,417
Total restricted assets	<u>649,922</u>

PROPERTY, PLANT, AND EQUIPMENT

Land	18,300
Buildings	70,909
Improvements and infrastructure	5,519,026
Equipment	112,917
	<u>5,721,152</u>
Less: allowance for depreciation	(3,174,082)
Net property, plant, and equipment	<u>2,547,070</u>
Total Assets	<u><u>\$ 3,442,811</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Public utility revenue bond payable due within one year	\$ 14,643
Accrued interest payable	5,392
Customers' service meter deposits	70,903
Due to other funds	494,295
Other current liabilities	22,512
Total current liabilities	<u>607,745</u>

LONG-TERM LIABILITIES

Public utility revenue bond payable - due after one year	130,532
Other liabilities	108,520
Total long-term liabilities	<u>239,052</u>
Total Liabilities	<u>846,797</u>

NET ASSETS

Invested in capital assets, net of related debt	2,287,983
Restricted for debt service	542,505
Restricted - customer deposits	36,514
Unrestricted	(270,988)
Total Net Assets	<u>2,596,014</u>
Total Liabilities and Net Assets	<u><u>\$ 3,442,811</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

OPERATING REVENUES

Gas sales	\$ 323,789
Water sales	270,684
Sewerage sales	241,400
Penalties and service charges	20,469
Total operating revenues	<u>856,342</u>

OPERATING EXPENSES

Salaries	157,353
Wages	64,889
Audit and accounting	12,000
Depreciation	183,606
Electricity	24,112
Employees' retirement expense	25,750
Engineering fees	13,412
Gas purchases	154,120
Insurance	62,203
Legal	1,350
Maintenance, repairs, and supplies	50,736
Miscellaneous	8,004
Printing, stationery, and supplies	10,926
Water pumpage charge	213
Truck expense	11,549
Utilities	7,761
Total operating expenses	<u>787,984</u>

INCOME FROM OPERATIONS

68,358

NON-OPERATING REVENUES (EXPENSES)

Interest revenues	8,222
Interest expense	(7,756)
Grant revenue	461,768
Total non-operating revenues (expenses)	<u>462,234</u>

Loss before transfers and contributions

530,592

Operating transfers in	-
Operating transfers out	<u>(175,000)</u>

CHANGE IN NET ASSETS

355,592

Net assets - beginning of year	<u>2,240,422</u>
Net assets - end of year	<u><u>\$ 2,596,014</u></u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from customers	\$ 859,978
Cash paid to suppliers for goods and services	(414,752)
Cash paid to employees for services	(222,242)
Net cash provided by operating activities	<u>222,984</u>

CASH FLOWS FROM NON-CAPITAL

FINANCING ACTIVITIES

Operating transfers in (out)	<u>(175,000)</u>
Net cash used for non-capital financing activities	<u>(175,000)</u>

CASH FLOWS FROM CAPITAL AND

RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(478,286)
Principal paid on revenue bonds	(14,127)
Interest paid on revenue bonds and notes	(7,756)
Proceeds from federal grant	461,768
Net cash used in capital and related financing activities	<u>(38,401)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned on investments	<u>8,222</u>
Net cash provided by investing activities	<u>8,222</u>

Net increase in cash and cash equivalents 17,805

Cash and cash equivalents - beginning of year 779,551

Cash and cash equivalents - end of year \$ 797,356

Cash shown on balance sheet under:

Current assets	147,434
Restricted assets	<u>649,922</u>

\$ 797,356

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2010

RECONCILIATION OF LOSS FROM OPERATIONS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Loss from operations	\$ 68,358
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Depreciation	183,606
Net change in assets and liabilities:	
Accounts receivable	(9,448)
Customer service meter deposits	4,807
Accrued interest receivable	710
Other current liabilities	8,277
Due to other funds	(33,326)
Total adjustments	<u>154,626</u>
Net cash provided by operating activities	<u>\$ 222,984</u>

The accompanying notes are an integral part of this statement.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies

The Town of Jackson, Louisiana (the Town) was incorporated on April 2, 1832, and operates under a Mayor - Board of Aldermen form of government. As authorized by its charter, the Town is responsible for public safety, highways and streets, sanitation, recreation, public improvements, and general administrative services.

The accounting and reporting practices of the Town of Jackson conform to accounting principles generally accepted in the United States of America as applicable to governmental units on a consistent basis between periods. The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. The Town's proprietary fund applies all Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB pronouncements prevail. Such accounting and reporting procedures conform to the requirements of Louisiana Revised Statute 24:517, to the guidance set forth in the *Louisiana Governmental Accounting Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units* published by the American Institute of Certified Public Accountants.

The following is a summary of certain significant accounting policies and practices:

Financial reporting entity

Statement No. 14 of the Governmental Accounting Standards Board (GASB), *The Financial Reporting Entity*, establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Since the Town is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments, it is considered a primary government under the provisions of this Statement. As used in GASB Statement 14, *fiscally independent* means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. Additionally, the Town does not have any component units, which are defined by GASB Statement No. 14 as other legally separate organizations for which the elected officials are financially accountable. There are no other primary governments with which the Town has a significant relationship.

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities display information about the Town of Jackson as a whole entity. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between *the governmental and business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions, while business-type activities are financed in whole or in part by fees charged to external parties.

The statement of net assets presents the assets and liabilities of each activity, with the difference reported as net assets. Net assets are further segregated between the amount invested in capital assets, amounts which are restricted, and those which are unrestricted.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category—*governmental and proprietary*—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

The Town reports the following major governmental funds:

- a. General Fund - This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- b. Special Revenue Fund - This fund accounts for the collection and expenditure of the sales tax received from the East Feliciana Police Jury whose use is restricted to streets and sidewalks within the Town.

The Town reports the following major enterprise fund:

Public Utilities Fund – As a proprietary fund, the public utility fund is used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing the goods or services to the general public on a continuing basis be financed or recovered through user charges or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Measurement Focus, Basis of Accounting

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and employ the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Town considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes, sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgets and budgetary accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

1. A proposed budget is prepared and submitted to the Mayor and Board of Aldermen prior to the beginning of each fiscal year.
2. The proposed budget is published in the official journal and made available for public inspection. A public hearing is held to obtain taxpayer comments.
3. The budget is adopted through the passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
4. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts originally estimated require the approval of the Board of Aldermen.
5. All budgetary appropriations lapse at the end of each fiscal year.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

6. Budgets for the general, special revenue, and proprietary funds are adopted on bases consistent with accounting principles generally accepted in the United States of America.
7. Louisiana R.S. 39:1310 requires budgets to be amended when revenue collections plus projected revenue collections for the remainder of a year, within a fund, are failing to meet estimated annual budgeted revenues by five percent or more or expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding estimated budgeted expenditures by five percent or more.
8. The level of budgetary control is total appropriations. Budgeted amounts are as originally adopted.

Capital assets

Depreciation of all exhaustible capital assets is charged as an expense against operations. Depreciation has been provided over the assets' estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Sewerage system	25	years
Gas plant and structures	25	years
Office equipment	5-10	years
Automotive equipment	3-7	years
Street improvements	10	years
Buildings	40	years
Heavy machinery	10-15	years

All capital assets are stated at historical cost.

Cash and investments

Cash and investments, which include demand deposit accounts, interest-bearing demand deposit accounts, and certificates of deposit, are stated at cost, which approximates market. Under Louisiana Revised Statutes 39:1271 and 33:2955, the Town may deposit funds in demand deposit accounts, interest-bearing demand deposit accounts, money market accounts, and time certificates of deposit with state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Accounts receivable

Uncollectible amounts due from customers for utility services are recognized through the establishment of an allowance for bad debts account at the time information becomes available which indicates the collectibility of the particular receivable.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

1. Summary of significant accounting policies (continued)

Transfers in and out

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the transfers are accounted for through the various due from and due to accounts.

Statements of cash flows

For purposes of the statements of cash flows, the Town considers all highly liquid investments (including restricted assets) with original maturities of three months or less to be cash equivalents.

Encumbrances

Encumbrances accounting, under which contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Town.

Operating vs. non-operating revenue

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principle activity of the fund. Non-operating revenues, such as grant subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Compensated absences

Employees earn vacation leave at various rates depending upon the length of their employment. Amounts of vested or accumulated vacation leave are expected to be liquidated with expendable available financial resources of the general fund and are reported as an expenditure and liability of the fund as the benefits accrue to employees. Vested or accumulated vacation leave of business-type funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

2. Capital Assets

Capital assets and depreciation activity as of and for the year ended September 30, 2010, are as follows:

Governmental activities:

	Land	Buildings	Streets, Sidewalks and Park Improvements	Equipment	Total
Cost of Capital Assets at September 30, 2009	\$ 26,000	\$ 406,317	\$ 477,304	\$ 1,456,088	\$ 2,365,709
Additions	-	-	-	107,400	107,400
Deletions	-	-	-	-	-
Cost of Capital Assets at September 30, 2010	<u>26,000</u>	<u>406,317</u>	<u>477,304</u>	<u>1,563,488</u>	<u>2,473,109</u>
Accumulated depreciation September 30, 2009	-	228,616	239,439	954,079	1,422,134
Additions	-	12,963	38,317	110,445	161,725
Deletions	-	-	-	-	-
Accumulated depreciation at September 30, 2010	<u>-</u>	<u>241,579</u>	<u>277,756</u>	<u>1,064,524</u>	<u>1,583,859</u>
Capital assets, net of accumulated depreciation at September 30, 2010	<u>\$ 26,000</u>	<u>\$ 164,738</u>	<u>\$ 199,548</u>	<u>\$ 498,964</u>	<u>\$ 889,250</u>

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

2. Capital Assets (continued)

Business-Type activities:

	<u>Land</u>	<u>Building</u>	<u>Improvements & Infrastructure</u>	<u>Equipment</u>	<u>Total</u>
Cost of Capital Assets at September 30, 2009	\$ 18,300	\$ 70,909	\$ 5,049,511	\$ 104,145	\$ 5,242,865
Additions	-	-	469,515	8,772	478,287
Deletions	-	-	-	-	-
Cost of Capital Assets at September 30, 2010	<u>18,300</u>	<u>70,909</u>	<u>5,519,026</u>	<u>112,917</u>	<u>5,721,152</u>
Accumulated Depreciation at September 30, 2009	-	53,241	2,849,384	87,851	2,990,476
Additions	-	2,049	175,061	6,496	183,606
Deletions	-	-	-	-	-
Accumulated Depreciation at September 30, 2010	<u>-</u>	<u>55,290</u>	<u>3,024,445</u>	<u>94,347</u>	<u>3,174,082</u>
Capital assets, net of Accumulated Depreciation at September 30, 2010	<u>\$ 18,300</u>	<u>\$ 15,619</u>	<u>\$ 2,494,581</u>	<u>\$ 18,570</u>	<u>\$ 2,547,070</u>

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

3. Long-term obligations

Business Type Activities:

	<u>Balance</u> <u>9/30/09</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>9/30/10</u>	<u>Principal</u> <u>Due Within</u> <u>One Year</u>
1979 water system revenue bonds	\$ 159,558	\$ -	\$ 14,383	\$ 145,175	\$ 14,643
Amounts due to Louisiana Dept. of Transportation	<u>108,520</u>	<u>-</u>	<u>-</u>	<u>108,520</u>	<u>-</u>
	<u>\$ 268,078</u>	<u>\$ -</u>	<u>\$ 14,383</u>	<u>\$ 253,695</u>	<u>\$ 14,643</u>

During the year ended September 30, 1980, the Town issued \$373,000 of bonds in order to finance the upgrade and expansion of its water system. These bonds, which were dated January 18, 1979, are due in annual installments of \$21,924, including interest at 5.00%, through January 21, 2019.

The annual requirements to amortize all of the outstanding water system revenue bonds as of September 30, 2010 are as follows:

<u>Year ending</u> <u>September 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u> <u>Amount</u>
2011	\$ 7,269	\$ 14,655	\$ 21,924
2012	6,537	15,387	21,924
2013	5,767	16,157	21,924
2014	4,959	16,965	21,924
2015-2019	<u>11,193</u>	<u>190,531</u>	<u>201,724</u>
	<u>\$ 35,725</u>	<u>\$ 253,695</u>	<u>\$ 289,420</u>

As part of the Bond agreement with Rural Economic and Community Development, the Town has agreed to comply with certain covenants. These consist, primarily, of reporting and audit requirements, insurance coverage, restrictions on additional debt, maintenance of various deposit accounts, and other administrative requirements.

TOWN OF JACKSON, LOUISIANA
NOTES TO FINANCIAL STATEMENTS

4. Ad valorem taxes

Ad valorem taxes attach as enforceable liens on all applicable property on February 28th of each year. Taxes are levied and are actually billed to the taxpayers in November of each year. Billed ad valorem taxes become delinquent on January 2nd of the following calendar year.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of East Feliciana Parish. During the year ended September 30, 2010, taxes of 5.05 mills were levied on property with assessed valuations totaling \$7,449,121 and were dedicated for general purposes.

Ad valorem taxes levied during the year ended September 30, 2010 totaled approximately \$35,676. Of this amount, \$3,091 remained uncollected at September 30, 2010.

5. Interfund receivables and payables

Interfund receivables and payables at September 30, 2010, were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General fund	\$ 406,631	\$ 474,174
Proprietary fund	-	494,295
Special Revenue fund	561,838	-
	<u>\$ 968,469</u>	<u>\$ 968,469</u>

6. Defined benefit pension plan

Substantially all employees of the Town of Jackson are members of either the Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

a. Municipal Employees Retirement System of Louisiana (the System)

Plan description - the system is composed of two distinct plans, Plan A and Plan B, which have separate assets and benefit provisions. All employees of the Town are members of Plan A.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Defined benefit pension plan (continued)

All permanent employees working at least 35 hours per week who are not covered by another pension plan and who are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after the age of 60 with at least 10 years of creditable service or at or after the age of 55 with at least 25 years of creditable service or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average monthly salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute. The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding policy - under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary to the System, and the Town of Jackson is required to make contributions at an actuarially determined rate. The rate paid by the Town during the past fiscal year was 13.5 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Jackson are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jackson's contributions to the System under Plan A during the years ending September 30, 2010, 2009, and 2008 were \$52,982, \$49,134, and \$44,780, respectively, equal to the required contributions for these years.

b. Municipal Police Employees Retirement System of Louisiana (the System)

Plan description - all full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after the age of 50 with at least 20 years of creditable service or at or after the age of 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate their employment with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established and amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8550 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

6. Defined benefit pension plan (continued)

Funding policy - plan members are required by state statute to contribute 7.50 percent of their annual covered salary to the System, and the Town of Jackson is required to make contributions at an actuarially determined rate. The rate paid by the Town during the past fiscal year was between 11 - 25 percent of annual covered payroll. The contribution requirements of plan members and the Town of Jackson are established and amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Jackson contributions to the System during the years ending September 30, 2010, 2009, and 2008 were \$13,451, \$8,681, and \$15,585, respectively, equal to the required contributions for these years.

7. Segments of enterprise activities

Gas, water, and sewerage services are provided by the Town and are financed by user charges. The significant financial data for the year ended September 30, 2010, for these three services are as follows:

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating revenues	\$ 330,612	\$ 277,507	\$ 248,223	\$ 856,342
Operating expenses	304,319	349,867	133,798	787,984
Depreciation	8,925	174,681	-	183,606
Income (loss) before transfers and contributions	31,148	(76,890)	576,334	530,592
Change in net assets	31,148	(76,890)	401,334	355,592
Property, plant and equipment additions	-	16,759	461,528	478,287
Revenue bonds and notes payable	-	145,175	-	145,175

8. Restricted assets

In accordance with the indenture governing the public utility revenue bonds, cash is periodically deposited into accounts administered by a Trustee bank. These bonds are a direct liability of the public utility fund and are serviced by the earnings from the Fund. Deposits are made to these trust accounts in accordance with the following requirements:

- (1) The "utility system revenue bond and interest sinking fund" requires that sufficient cash be accumulated to meet the annual installment of bond principal and interest which becomes due on January 18th of each year. The required funds for the years ended September 30, 2010 were deposited timely.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

8. Restricted assets (continued)

- (2) The "utility system revenue bond reserve fund" is supplemental to the account referred to in (1) above. The minimum balance to be maintained in this account is 20% of the amounts obligated to be deposited into the sinking fund and shall continue monthly until there is on deposit a sum equal to the highest combined principal and interest requirement in any succeeding fiscal year, according to the bond agreement. The Town has been making monthly deposits into this account in accordance with the FmHA's letter of conditions.
- (3) The "depreciation and contingency fund" requires a minimum balance of \$5,000. The Town has also been making the required deposits into this account.

The FmHA has agreed to the terms stated in its letter of conditions addressed to the Town dated August 25, 1978. The Town has complied with these conditions.

9. Due from other governmental agencies

As of September 30, 2010 and 2009 amounts due from other governmental agencies were \$64,404 and \$58,047, respectively.

10. Sales Taxes

Streets and sidewalks

The Town receives 14.6863% of a one cent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are restricted to the general maintenance and repairs of streets and sidewalks in the Town of Jackson. The Town recognized \$163,945 of sales tax revenue during the year ended September 30, 2010. This tax expires December 31, 2014.

General fund

The Town receives 13.46% of a one cent East Feliciana Parish sales tax collected on sales occurring within the Parish boundaries. These proceeds are available for any lawful purpose of operating a municipality. The Town recognized \$150,145 of sales tax revenue during the year ended September 30, 2010.

TOWN OF JACKSON, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

11. Collateralization of bank deposits

Under state law, federal deposit insurance plus the pledge of securities owned by the fiscal agent bank must be of sufficient amount to secure all bank deposits (or the resulting bank balances). Governmental Accounting Standards Board (GASB) Statement No. 40, "Deposit and Investment Risk Disclosures" requires disclosure of custodial credit for bank deposits. Custodial credit risk is the risk that, in the event of the failure of a financial institution, a government will be unable to recover its deposits. The Town's bank balances (as opposed to the carrying amount below) totaled \$1,016,448. Of the bank balance, \$608,794 was secured by federal depository insurance, while \$407,654 was collateralized by securities held by the bank's agent in the Town's name. Therefore, the Town did not have any deposits that were exposed to custodial credit risk.

At September 30, 2010, the carrying amounts of the Town's bank deposits totaled \$978,581

12. Commitments and contingencies

On January 31, 2006, the Louisiana Department of Environmental Quality issued a Consolidated Compliance Order and Notice of Potential Penalty to the Town as a result of a discharging sewer manhole. The Town has appealed any and all penalties due under the order and has submitted a corrective action plan (the plan) to remedy the cause of the problem. The plan calls for sewer system improvements estimated to cost \$500,000. All improvements have been made according to the corrective action plan.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Ad valorem taxes	\$ 43,000	\$ 43,000	\$ 35,676	\$ (7,324)
Sales Tax	170,000	155,000	150,145	(4,855)
Licenses and permits	75,000	82,000	81,327	(673)
Intergovernmental revenues:				
Beer taxes	4,000	4,000	3,376	(624)
State revenue sharing	1,500	1,500	-	(1,500)
Fines and forfeitures	65,000	50,000	45,656	(4,344)
Federal grants	-	-	11,689	11,689
Other	183,400	166,950	180,207	13,257
Total revenues	<u>541,900</u>	<u>502,450</u>	<u>508,076</u>	<u>5,626</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	191,105	203,011	204,442	(1,431)
Public safety	421,591	491,567	473,162	18,405
Recreation	6,500	6,500	6,646	(146)
Total expenditures	<u>619,196</u>	<u>701,078</u>	<u>684,250</u>	<u>16,828</u>
<u>EXCESS OF REVENUES OVER</u>				
<u>(UNDER) EXPENDITURES</u>	(77,296)	(198,628)	(176,174)	22,454
<u>OTHER FINANCING SOURCES</u>				
Operating transfers in	<u>75,000</u>	<u>195,000</u>	<u>175,000</u>	<u>(20,000)</u>
Total other financing sources	<u>75,000</u>	<u>195,000</u>	<u>175,000</u>	<u>(20,000)</u>
<u>NET CHANGE IN FUND BALANCE</u>	(2,296)	(3,628)	(1,174)	2,454
<u>FUND BALANCE</u>				
Beginning of year	<u>42,247</u>	<u>42,247</u>	<u>42,247</u>	-
End of year	<u>\$ 39,951</u>	<u>\$ 38,619</u>	<u>\$ 41,073</u>	<u>\$ 2,454</u>

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF OTHER REVENUE
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>OTHER REVENUE</u>				
Utility franchise fees	\$ 110,000	\$ 94,000	\$ 101,140	\$ 7,140
Interest revenues	-	-	93	93
Cablevision fees	3,400	3,400	6,137	2,737
Other Grant revenues	-	38,000	38,000	-
Miscellaneous	70,000	31,550	34,837	3,287
Total other revenue	<u>\$ 183,400</u>	<u>\$ 166,950</u>	<u>\$ 180,207</u>	<u>\$ 13,257</u>

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>GENERAL GOVERNMENT</u>				
Legal	\$ 500	\$ 500	\$ -	\$ 500
Salaries	35,444	35,444	43,157	(7,713)
Audit and accounting fees	10,000	14,000	13,350	650
Engineering fees	2,500	2,500	-	2,500
Electricity	45,000	45,000	40,945	4,055
Insurance	30,000	30,000	25,347	4,653
Health Insurance	5,000	5,000	6,254	(1,254)
Coroner's fees	1,000	1,500	1,500	-
Garbage disposal	7,500	8,726	9,571	(845)
Supplies, printing, and maintenance	8,500	11,500	11,091	409
Miscellaneous	11,200	12,200	15,570	(3,370)
Retirement	6,128	6,128	6,214	(86)
Truck and tractor expenses	1,000	1,000	40	960
Telephone	6,500	8,680	8,639	41
Wages	5,171	5,171	5,698	(527)
Payroll taxes	10,662	10,662	12,276	(1,614)
Cost of fixed assets	5,000	5,000	4,790	210
Total general government	<u>\$ 191,105</u>	<u>\$ 203,011</u>	<u>\$ 204,442</u>	<u>\$ (1,431)</u>

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SCHEDULE OF EXPENDITURES
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>PUBLIC SAFETY</u>				
Police:				
Salaries	\$ 194,822	\$ 242,860	\$ 236,560	\$ 6,300
Capital outlay	-	-	41,991	(41,991)
Grants	-	43,636	-	43,636
Miscellaneous	2,000	4,000	2,345	1,655
Retirement expense	19,267	23,256	22,591	665
Office supplies	500	2,000	-	2,000
Vehicle expense	30,000	30,000	32,069	(2,069)
Uniforms	1,500	1,500	84	1,416
Insurance	40,000	40,000	34,578	5,422
Insurance - health	10,000	10,000	8,729	1,271
Supplies and maintenance	14,800	14,800	19,565	(4,765)
Telephone	5,000	2,500	2,423	77
Electricity	5,000	5,000	3,695	1,305
Utilities	1,330	1,690	1,410	280
Fine collection fees	4,500	2,800	2,775	25
Total police	328,719	424,042	408,815	15,227
Fire:				
Jackson volunteer fire department	7,000	7,000	5,700	1,300
Insurance - health	6,000	9,500	9,434	66
Retirement expense	3,909	3,909	3,964	(55)
Electricity	3,500	3,500	4,100	(600)
Telephone	3,000	3,000	1,490	1,510
Vehicle expense	5,500	5,500	4,349	1,151
Salaries	24,683	25,836	25,493	343
Supplies and maintenance	7,000	7,000	6,651	349
Utilities	2,280	2,280	3,166	(886)
Capital outlay	30,000	-	-	-
Total fire	92,872	67,525	64,347	3,178
Total public safety	421,591	491,567	473,162	18,405
<u>RECREATION</u>				
Recreation department	6,500	6,500	6,646	(146)
Total recreation	\$ 6,500	\$ 6,500	\$ 6,646	\$ (146)

TOWN OF JACKSON, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2010

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes	\$ 180,000	\$ 180,000	\$ 163,945	\$ (16,055)
Interest revenue	700	700	863	163
Miscellaneous revenue	-	60,000	8,206	(51,794)
Total revenues	<u>180,700</u>	<u>240,700</u>	<u>173,014</u>	<u>(67,686)</u>
<u>EXPENDITURES</u>				
Current operating expenditures:				
General government	<u>132,600</u>	<u>177,600</u>	<u>208,864</u>	<u>(31,264)</u>
Total expenditures	<u>132,600</u>	<u>177,600</u>	<u>208,864</u>	<u>(31,264)</u>
<u>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>48,100</u>	<u>63,100</u>	<u>(35,850)</u>	<u>(98,950)</u>
<u>OTHER FINANCING SOURCES</u>				
Transfers out	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>NET CHANGE IN FUND BALANCE</u>	<u>48,100</u>	<u>63,100</u>	<u>(35,850)</u>	<u>(98,950)</u>
<u>FUND BALANCE</u>				
Beginning of year	<u>731,718</u>	<u>731,718</u>	<u>731,718</u>	-
End of year	<u>\$ 779,818</u>	<u>\$ 794,818</u>	<u>\$ 695,868</u>	<u>\$ (98,950)</u>

SUPPLEMENTARY INFORMATION

TOWN OF JACKSON, LOUISIANA
STATEMENT OF REVENUES AND EXPENSES BY ACTIVITY - BUDGET (GAAP BASIS) AND ACTUAL
ENTERPRISE FUNDS - PUBLIC UTILITY REVENUE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2010

	Gas	Water	Sewerage	Actual Total	Budget Total	Variance Favorable (Unfavorable)
OPERATING REVENUES						
Sales	\$ 323,789	\$ 270,684	\$ 241,400	\$ 835,873	\$ 827,868	\$ 8,005
Penalties and service charges	6,823	6,823	6,823	20,469	20,000	469
Total operating revenues	330,612	277,507	248,223	856,342	847,868	8,474
OPERATING EXPENSES						
Salaries	96,271	31,311	29,771	157,353	144,141	(13,212)
Wages	-	877	64,012	64,889	75,000	10,111
Audit and accounting	12,000	-	-	12,000	12,000	-
Depreciation	8,925	174,681	-	183,606	200,000	16,394
Electricity	-	19,694	4,418	24,112	30,000	5,888
Employees' retirement	4,874	4,874	16,002	25,750	26,213	463
Engineering fees	-	12,624	788	13,412	10,000	(3,412)
Gas purchases	154,120	-	-	154,120	154,321	201
Insurance	9,648	45,316	7,239	62,203	90,001	27,798
Legal	450	450	450	1,350	2,000	650
Maintenance, repairs, supplies	1,921	39,844	8,971	50,736	60,000	9,264
Miscellaneous	2,454	4,008	1,542	8,004	28,200	20,196
Printing, stationery, supplies	42	10,842	42	10,926	12,000	1,074
Water pumpage charge	-	213	-	213	-	(213)
Truck expense	11,419	65	65	11,549	15,000	3,451
Utilities	2,195	5,068	498	7,761	8,500	739
Total operating expenses	304,319	349,867	133,798	787,984	867,376	79,392
INCOME (LOSS)						
FROM OPERATIONS	26,293	(72,360)	114,425	68,358	(19,508)	87,866
NON-OPERATING						
REVENUES (EXPENSES)						
Interest revenues	4,855	3,226	141	8,222	7,500	722
Interest expense	-	(7,756)	-	(7,756)	(14,000)	6,244
Federal Grant revenue	-	-	461,768	461,768	462,000	(232)
Total non-operating	4,855	(4,530)	461,909	462,234	455,500	6,734
Income (loss) before transfers and contributions						
	31,148	(76,890)	576,334	530,592	435,992	94,600
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	(175,000)	(175,000)	(195,000)	20,000
CHANGE IN NET ASSETS	\$ 31,148	\$ (76,890)	\$ 401,334	\$ 355,592	\$ 240,992	\$ 114,600

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF CHANGES IN ASSETS RESTRICTED
FOR REVENUE BOND DEBT SERVICE
SEPTEMBER 30, 2010

	Bond and Interest Redemption	Reserve	Depreciation and Contingency Fund	Total
Cash balance - September 30, 2009	\$ 93,207	\$ 51,430	\$ 38,522	\$ 183,159
Cash receipts				
Transfers from other accounts	22,080	2,172	2,172	26,424
Interest earned on investments/savings	3,463	479	98	4,040
	<u>25,543</u>	<u>2,651</u>	<u>2,270</u>	<u>30,464</u>
Cash disbursements				
Principal payments	14,127	-	-	14,127
Interest payments	7,797	-	-	7,797
	<u>21,924</u>	<u>-</u>	<u>-</u>	<u>21,924</u>
Cash balance - September 30, 2010	<u>\$ 96,826</u>	<u>\$ 54,081</u>	<u>\$ 40,792</u>	<u>\$ 191,699</u>
Investment balance - September 30, 2009	\$ 196,645	\$ -	\$ 151,075	\$ 347,720
Additions	<u>-</u>	<u>-</u>	<u>3,086</u>	<u>3,086</u>
Investment balance - September 30, 2010	<u>\$ 196,645</u>	<u>\$ -</u>	<u>\$ 154,161</u>	<u>\$ 350,806</u>
Total cash & investment balance September 30, 2010	<u>\$ 293,471</u>	<u>\$ 54,081</u>	<u>\$ 194,953</u>	<u>\$ 542,505</u>

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF PRINCIPAL OFFICIALS AND SALARIES
YEAR ENDED SEPTEMBER 30, 2010

Charles Coleman P.O. Box 33 Jackson, LA 70748	\$ 12,000
 Toby Aucoin P.O. Box 756 Jackson, LA 70748	 3,600
 Michael Harrell P.O. Box 1248 Jackson, LA 70718	 3,600
 Donald Havard P.O. Box 1086 Jackson, LA 70748	 3,600
 Keith Mills P.O. Box 1672 Jackson, LA 70748	 3,900
 Linton Manuel P.O. Box 261 Jackson, LA 70748	 3,600
	<hr/>
	<u>\$ 30,300</u>

STATISTICAL DATA

TOWN OF JACKSON, LOUISIANA

INSURANCE-IN-FORCE

SEPTEMBER 30, 2010

(Without audit)

<u>Policy</u>	<u>Name of Insurer</u>	<u>Expiration Date</u>	<u>Coverage Limits</u>
Fire and Extended Coverage - Building and Contents	Employers' Mutual	02-01-11	\$ 405,056
Public Official Bond	Dart Insurance Agency	08-30-11	65,000
Automobile Liability	Louisiana Risk Management	02-01-11	500,000
General Liability	Louisiana Risk Management	02-01-11	500,000
Police Professional Liability	Louisiana Risk Management	02-01-11	500,000
Public Officials Errors and Omissions	Louisiana Risk Management	02-01-11	500,000
Worker's Compensation	Louisiana Risk Management	01-01-11	Statutory
Auto Physical Damage	ESSEX	02-01-11	279,540
Equipment	Employers Mutual	02-01-11	182,515

TOWN OF JACKSON, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
SEPTEMBER 30, 2010
(Without Audit)

Statistics on System Operations

- (a) As of September 30, 2010, there were 436 and 857 metered customers for the gas and water systems, respectively. There were no unmetered customers for either the gas or water systems at September 30, 2010.
- (b) The following rate schedules were in effect during the fiscal year for gas and water:

1. Gas:	Rate per 1,000 <u>Cubic Feet</u>
Minimum charge	\$ 12.00
First 1,000 cubic feet or less	15.00 + amount above \$5.00 MCF
Over 1,000 cubic feet	10.00 + amount above \$5.00 MCF

2. Water:	Rate per <u>1,000 Gallons</u>
First 2,000 gallons or less	\$ 11.50 flat rate
Next 13,000 gallons/Mgal	3.30
Next 35,000 gallons/Mgal	2.15
Over 50,000 gallons/Mgal	2.00

- (c) Average monthly billing per customer was:

1. Gas	<u>\$ 23.40</u>
2. Water	<u>\$ 22.38</u>

TOWN OF JACKSON, LOUISIANA
PUBLIC UTILITY SYSTEM OPERATIONS
SEPTEMBER 30, 2010
(Without Audit)

Variance Between Gas Purchased and Sold

<u>Year Ended</u>	<u>Gas Purchased MCF's</u>	<u>Gas Billed MCF's</u>	<u>Leakage Variance MCF's</u>	<u>Percent of Gas Purchased</u>
09/30/10	25,512	22,443	3,069	12.0
09/30/09	20,666	19,730	936	4.5
09/30/08	21,453	18,983	2,470	11.5
09/30/07	23,835	20,538	3,297	13.8
09/30/06	22,418	20,748	1,670	7.4
09/30/05	21,248	21,000	248	1.2
09/30/04	24,449	24,762	-	-
09/30/03	28,184	26,562	1,622	5.8
09/30/02	26,944	24,219	2,725	10.1
09/30/01	31,101	31,502	-	-
09/30/00	25,608	28,220	-	-
09/30/99	26,573	24,270	2,303	8.67
09/30/98	31,645	31,207	438	1.38
09/30/97	29,716	28,372	1,344	4.52
09/30/96	36,279	32,741	3,538	9.75
09/30/95	28,888	27,400	1,488	5.15
09/30/94	35,550	31,892	3,658	10.29

TOWN OF JACKSON, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED SEPTEMBER 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expressed an unqualified opinion on the financial statements of the Town of Jackson, Louisiana as of and for the year ended September 30, 2010.
2. One significant deficiency is reported in section B below. This significant deficiency is considered to be a material weakness in financial reporting.
3. No instances of noncompliance material to the financial statements of the Town of Jackson were disclosed during the audit.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESS

2010-1 Segregation of Duties

Criteria: Segregation of duties should be adequate within the Town's accounting department to provide effective internal control.

Condition: There is inadequate segregation of duties within the Town's accounting department. As a result of this weakness, the following has occurred:

- ◆ Accounting software is not restricted by user, and is not protected by password login
- ◆ Utility software is not restricted by user, and is not protected by password login
- ◆ Utility customers are being removed from the utility software system when service is no longer required and balances are paid out
- ◆ Traffic ticket software is not restricted by user, and administrative rights to the program are not limited to one employee.

Effect: The segregation of duties is inadequate to provide effective internal control.

Cause - Small businesses with few employees in an accounting department typically have difficulty with establishing formal internal control procedures. Although this is not a valid reason for the lack of documentation, cost effectiveness certainly needs to be considered.

Recommendation: Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- ◆ Management should assess all software applications and design adequate controls, whereby restricting access as appropriate, requiring user login and passwords on all software applications.
- ◆ Customers who no longer require service and a zero balance due should be made inactive, which will allow all activity and history of the customer to be stored in the system.

Management's Response: We concur with the finding and will assess all software applications and implement adequate access/login as appropriate. We will make all customers who no longer require service inactive to allow activity and history to be stored in the system.

TOWN OF JACKSON, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2010

2009-1 Segregation of Duties

Condition: The segregation of duties is inadequate to provide effective internal control as the performance of accounting procedures is limited.

Current Status: A similar finding was noted in the current year audit.

2009-2 Louisiana Budget Law

Condition: The general fund had actual expenditures that exceed five percent of budgeted expenditures.

Current Status: No similar findings were noted in the current year audit.

2009-3 Security for Deposits

Condition: Deposits in the amount of \$79,815 were unsecured as of September 30, 2010.

Current Status: No similar findings were noted in the current year audit.

TOWN OF JACKSON

P.O. BOX 1150
1610 CHARTER STREET
JACKSON, LOUISIANA 70748
(225) 634-7777
FAX (225) 634-2233



CORRECTIVE ACTION PLAN

March 15, 2011

Louisiana Legislative Auditor

The Town of Jackson respectfully submits the following corrective action plan for the year ended September 30, 2010.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: October 1, 2009 September 30, 2010

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS - SCHEDULE OF FINDINGS AND QUESTIONED COSTS

2010-1

Segregation of Duties

Recommendation - : Understanding that the Town's size may make it unfeasible to adequately staff an accounting department sufficient to segregate duties, we recommend that management consider the following:

- ◆ Management should assess all software applications and design adequate controls, whereby restricting access as appropriate, requiring user login and passwords on all software applications.
- ◆ Customers who no longer require service and a zero balance due should be made inactive, which will allow all activity and history of the customer to be stored in the system.

2010-1

Segregation of Duties (continued)

Action Taken - We concur with the finding and will assess all software applications and implement adequate access/login as appropriate. We will make all customers who no longer require service inactive to allow activity and history to be stored in the system.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Holli Gilmore at (225) 634-7777.

Sincerely,

Holli Gilmore

Holli Gilmore
Secretary / Treasurer